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SUBJECT: MEDIA REACTION: U.S.-CHINA-TAIWAN RELATIONS

¶1. Summary: Taiwan's major Chinese-language dailies focused news coverage May 10-12 on the continuing investigation into Taiwan's Papua New Guinea diplomatic fund scandal; on the sudden death of Taiwan's Interior Minister-designate Liao Fung-te; and on the lineup of Taiwan's President-elect Ma Ying-jeou's national security team.

¶2. In terms of editorials and commentaries, an editorial in the mass-circulation "Apple Daily" urged Ma to continue arms procurement from the United States. A column in the centrist, KMT-leaning "China Times" implied that the United States in fact has a role in contributing to the diplomatic competition between Taiwan and China in the South Pacific. An editorial in the pro-independence, English-language "Taiwan News" asked Ma to think about whether a 'truce in diplomacy' with China is really pragmatic and urged Ma to continue cultivating Taiwan's relations with Pacific island nations.

An op-ed in the pro-unification "United Daily News" gave several recommendations to Ma's administration to bring about all-dimensional economic and trade relations with Taiwan's major trading partners. End Summary.

A) [Taiwan's President-elect] Ma [Ying-jeou] Should Procure Arms [from the United States]

The mass-circulation "Apple Daily" [circulation: 520,000] editorialized (5/12):

"... The United States wants Ma to make good on his promises after May 20 [inauguration day]. The first touchstone is [the sale] of F-16 C/Ds [warplanes]. We hope that while Ma improves relations with China, Ma will also reinforce the defense buildup and use arms procurements to retain the United States. Reasonable arms procurements will not only strengthen Taiwan's defense and make the other side [China] not to use force hastily due to miscalculation, but also reinforce the defense relationship with the United States and deter China's intrusion. At the same time, [arms procurement] is also an extremely important bargaining chip when [Taiwan] negotiates with China on highly political issues, such as demanding that China withdraw missiles [targeting Taiwan]. In other words, arms procurement is not going to sabotage [the intention] to improve relations with China, which is a dialectical relationship. Instead, giving up building the military will weaken defense, alienate the United States, and allow China to demand everything from Taiwan. Ma should clarify Taiwan's grand strategy and do things that are in accordance with the highest-level national interests and security. This is also a President's highest obligation, isn't it?"

B) "Not Only Dollar Diplomacy Has to Be Changed"

Jou Yi-cheng, a member of Taiwan's Third Society Party, wrote in the column "Idea Base" of the centrist, KMT-leaning "China Times" [circulation: 400,000] (5/12):

"... For Taiwan, island nations in the South Pacific are probably targets for establishing diplomatic ties, as they have lower populations and [come] with a relative cheap price. But for the United States, a global hegemon in an age of sea power, [the Pacific

island nations] are the front where two major powers, the United States and China, a new sea power transformed from a land power, compete intensely.

"After the breakout of [Taiwan's] Papua New Guinea diplomatic fund scandal, Director of the U.S. Central Intelligence Agency Michael Hayden pointed out in a recent speech that China has spent US\$370 million to lure away Pacific islands. That is right. China and the United States have been competing for natural resources and strategic deployment in the South Pacific. Countries that have military forces in the South Pacific, such as the Papua New Guinea, Fiji, Tonga, and Vanuatu, all receive China's military aid. Therefore, the competition of dollar diplomacy between Taiwan and China in the South Pacific is not only an issue between Taiwan and China; instead, it is a triangular relationship among Taiwan, the United States, and China.

"The best example is Kiribati, a country much smaller than Papua New Guinea. Starting in 1997, China established a satellite tracking station [there]. The satellite tracking station enabled China to observe the United States' test of its missile defense system and became an arena of the wrestling between China and the United States. In 2003, Kiribati established diplomatic ties with Taiwan and severed ties with China. The satellite tracking station was ripped out. China was forced to find other islands in the South Pacific Ocean to establish satellite tracking stations.

"This explains the implication of the competition for diplomatic ties in the South Pacific between Taiwan and China. Taiwan helps the United States exclude the interference of Chinese influence in specific strategic points in the South Pacific. It is not a mistake that Taiwan supports the United States to have a role in Asia's security system. However, [the consideration] whether we should devote ourselves unscrupulously and without any reservation in every point should be based on Taiwan-centric interests. ..."

C) "[Taiwan's President-elect] Ma [Ying-jeou] Must Keep 'Pacific' Policy"

The pro-independence, English-language "Taiwan News" [circulation: 20,000] editorialized (5/12):

"... Now, Ma apparently plans to place all of his government's bets on the improvement of cross-Straight relations to maintain Taiwan's international space, but crucial questions, such as whether the PRC leaders themselves want a diplomatic cease-fire and what would be the cost of such a 'truce,' remain unanswered.

"Domestic media have reported that Ma aims to make his first state visits as president to Taiwan's diplomatic allies in Central America in August with stopovers in New York City or even Washington D.C.

"If so, it will be interesting to see whether Beijing will cease its uninterrupted practice of pressuring Washington to deny such high-profile transit stops and how Ma reacts to any attempts by the PRC to block the trip or even deliver humiliation to the Taiwan president en route, as the PRC regularly did to [Taiwan's President] Chen [Shui-bian].

"Improving cross-Straight ties can of course be a possible route to persuade Beijing to ease its suppression of Taiwan's international space, but we urge the new KMT government not to bet all of our diplomatic resources and prospects on such wishful thinking. ..."

D) "All-dimensional Economy and Trade; Framing the Cross-Straight Agreement First"

Tsai Horng-ming, the Deputy Secretary-General of Taiwan's Chinese National Federation of Industries, opined in the pro-unification "United Daily News" [circulation: 400,000] (5/12):

"In a speech delivered at the first annual session of 'the Republic of China Association of International Relations [on Saturday],' [Taiwan's] President-elect Ma Ying-jeou pointed out that he hopes to sign free trade agreements or similar arrangements with our major trade partners. Owing to the scope of an 'all-dimensional negotiation' that Ma proposed covers Mainland [China], the United

States, Southeast Asia, Japan, [South] Korea, and India, it shows that [Ma's] strategy of foreign economic and trade development hopes to establish an 'all-dimensional economic and trade networks' instead of leaning towards China in a one-way direction.

"However, it is worthy to discuss how clearly to arrive at enough 'economic inducements' to [our] economic partners and at the same time overcome the obstacle facing the 'Chinese factor' when trying to sign free trade agreements with other countries.

"First, with regard to 'the economic inducement', take the free trade agreement with the United States for example: Taiwan can proactively plan the ultimate goals of the free trade agreement between Taiwan and the United States and the market interests [that benefit] United States businesses. [Taiwan's] new government should negotiate continuously with the United States the framework of trade and investment. [Taiwan's new government] also [needs to] propose mid- to long-term plans for liberalizing trade and investment, and make sure that by clearing away the hindrance of [issues such as] rice, pharmaceutical, and intellectual property rights, Taiwan can demonstrate its resolve to fulfill the 'comprehensive liberalization' of trade and investment by showing a timeline and a roadmap. ..."

YOUNG